



ASC CONTRACTING

ASC/CC

FOCUS WEEK TRAINING

(CONTRACT CLOSEOUT)



OVERVIEW

- ◆ **THE WHY AND WHEN**
- ◆ **OPERATING STRUCTURE and PERSONNEL INVOLVED**
- ◆ **SIMULTANEOUS FILE COORDINATION**
- ◆ **TIME STANDARDS and QUICK CLOSEOUT**
- ◆ **PROCESSES and AUTOMATION SUPPORT**



THE WHY

- ◆ **Verifies complete contract compliance before Government processes closeout documentation**
- ◆ **Forces release of excess obligated/expired funds prior to cancellation**
- ◆ **Establishes contract closeout discipline (e.g., classified disposition, plant/property clearance and final patent/royalty reporting)**
- ◆ **Reduces administrative burden of tracking “active “ contracts**



THE WHEN

A contract may only be closed when it is considered to be:

- ◆ Physically Complete

- deliveries complete / supplies inspected and accepted
 - services performed / Government accepted

- option provisions expired and/or contract terminated
- AND

- ◆ Administratively Complete

- all administrative actions accomplished
 - all releases executed
 - final payment made



OPERATING STRUCTURE and PERSONNEL

◆ INVOLVED

◆ OPERATING STRUCTURE

- Cradle-to-grave -- PCO is the ACO also**
- PCO and in-plant ACO -- PK org delegates to DCMC plant offices**
- PCO and external ACO -- PK org delegates to DCMC area offices**

◆ PERSONNEL INVOLVED

- PCO - ACO - TCO -Property administrator**
- DCAA Auditor -Project/program office**
- Legal counsel -Contractor**
- Financial community -DFAS**



FILE COORDINATION

All records/documentation of the following offices should agree prior to final closeout:

- ◆ **Procuring contracting office**
- ◆ **Contract administration office**
- ◆ **Paying office**
- ◆ **Finance office**

The program/project office and contractor input to the closeout process is obtained by these final four contract closeout action offices



CONTRACT ADMINISTRATION RESPONSIBILITIES

FAR 42.302(a) reference to FAR 4.804-5

- accomplished by DD Forms **1593** and **1597**
- classified material disposition
- final patent report
- final royalty report
- no outstanding VECs
- plant clearance report
- property clearance report
- interim/disallowed costs
- price revision complete
- subcontracts settled by prime
- prior year indirect cost rates
- termination docket complete
- contract audit complete
- contractor closing statement
- final invoice/voucher
- review funds and recommend excess funds deobligation



CONTRACT COMPLETION STATEMENT -- DD Form 1594

There are two versions of this form:

- ♦ manual form issued by the **ACO**
- ♦ ACO automated format PK9 in MOCAS
 - Use ConWrite Closeout 1594

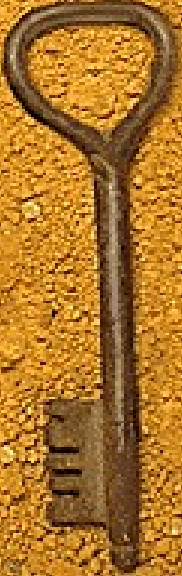
The full and satisfactory accomplishment of required actions is acknowledged on this form by the ACO and PCO. It becomes a permanent part of the official contract closeout file



CLOSEOUT TIME STANDARDS

Reference FAR 4.804-1(a) -- after CO receives evidence of physical completion, close on following schedule:

- ◆ **Small Purchase - upon receipt & payment**
- ◆ **Firm Fixed Price contract - within 6 months**
- ◆ **Cost/FPI/T&M contracts (any contract requiring settlement of indirect cost rates) - within 36 months**
- ◆ **All Other contracts (labor hour) - within 20 months**
- ◆ **Quick Closeout - FAR 42.708**
- ◆ **Exceptions: litigation / appeal / termination**



QUICK CLOSEOUT PROCEDURES

FAR 42.708

Contracting officer shall use quick closeout procedure if:

1. Contract is physically complete

AND

2. Insignificant amount of unsettled indirect costs

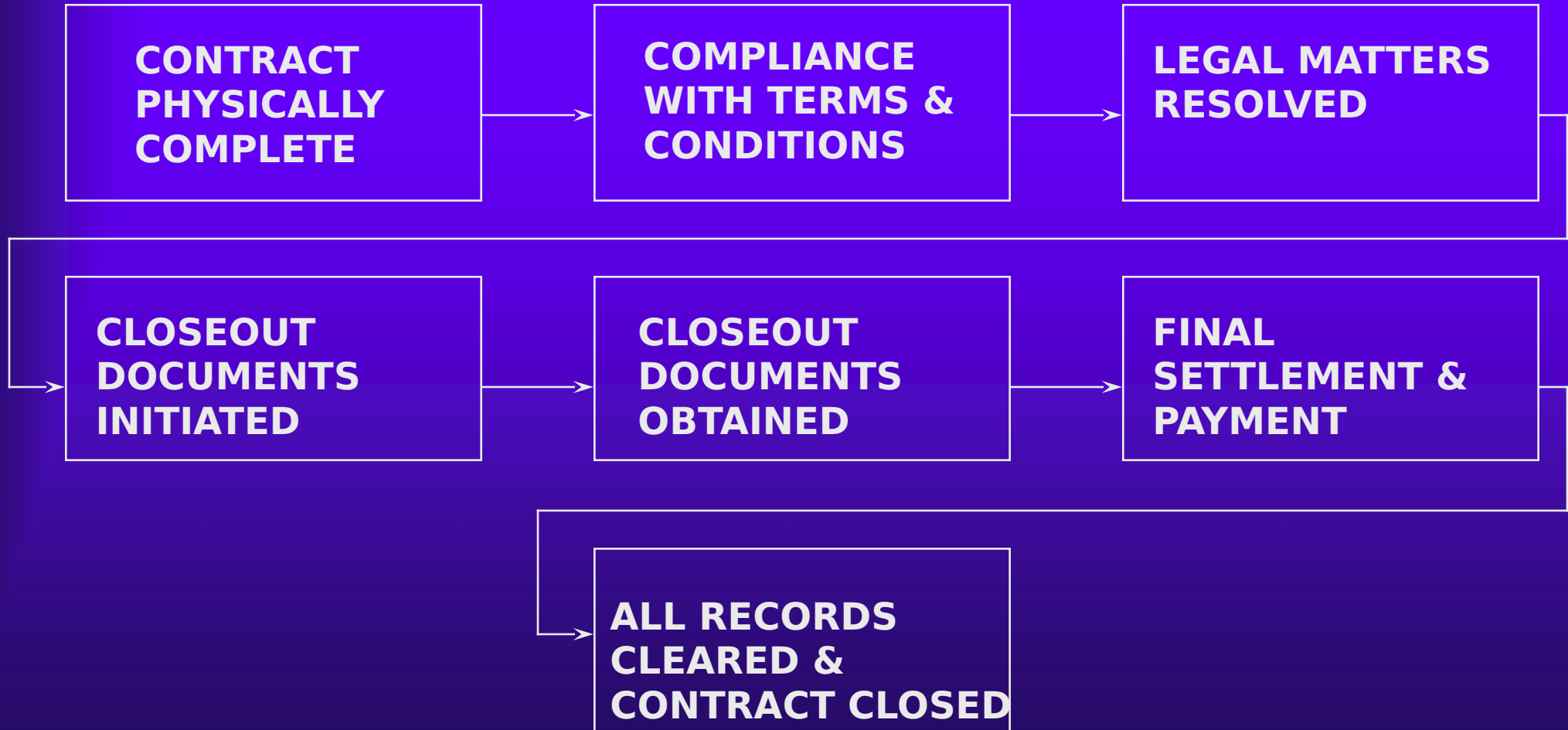
-Individual contract - up to \$1M unsettled indirect costs

-Kr cumulative total $\leq 15\%$ w/in FY- (PCO can waive)

AND

3. agreement reached on reasonable estimate of allocable dollars

CONTRACT CLOSEOUT PROCESS





CONTRACT PHYSICALLY COMPLETE

- ◆ **This is the time to start contract closeout**
 - delivery orders issued under contracts
- ◆ **Final DD 250z received**
- ◆ **Standard time for closing has not lapsed**
Far 4.804-1 (a)
 - Small Purchase - upon receipt
 - FFP - within 6 months
 - Settle indirect cost rates - within 36 months
 - all other - within 20 months



COMPLIANCE WITH TERMS AND CONDITIONS

- ◆ Conformed contract
 - readable as a single document
- ◆ Resolution of the following:
 - ECP - CCP - VECPP
 - Award fee final
 - Warranty complete
 - Savings clauses definitized



LEGAL MATTERS RESOLVED

Include consideration of the following:

- Royalties -Litigation
- Claims -Disputes
- Terminations -Data Rights
- Equitable Adjustments -Patents
- Defective Pricing



CLOSEOUT DOCUMENTS INITIATED

- ◆ Arrangements made for disposition of
 - government property
 - classified
- ◆ Patent and plant clearance in process
- ◆ Review and release withholds
- ◆ Initiate review of ULOs and execution of interim billing adjustments




CLOSEOUT DOCUMENTS OBTAINED

- ◆ **Government property / classified / patents / plant clearance - completed**
- ◆ **Completion of ULO review and execution of interim billing adjustments**
- ◆ **Coordination with ACO**
 - Contract closeout check-list**
(DD Form 1593/1597)



FINAL SETTLEMENT & PAYMENT

- ◆ Verify subcontracts closed
- ◆ Settle final price and issue modification
- ◆ Verify final invoice/payment made by DFAS
- ◆ Verify any excess funds cleared (FM)



ALL RECORDS CLEARED & CONTRACT CLOSED

- ◆ Reconfirm no outstanding issues

- Contractor

- Government

- acquisition

- payment

- accounting

- ◆ Retire the contract



FINANCIAL AUTOMATION SUPPORT

The following systems have been created to realign accounting operations and focus on standardizing financial systems:

- ◆ **DFAS database**
 - MOCAS - records of payments on contracts
- ◆ **FM databases:**
 - CRIS/BQ - commitments, obligations and expenditures for certain accounting and disbursement stations
 - CPAS - central procurement, research/development and
FMS disbursement transactions